**Regulation IV.12. Property Factor: Averaging Property Values.** As a general rule the average value of property owned by the taxpayer shall be determined by averaging the values at the beginning and ending of the tax period. However, the executive director may require or allow averaging by monthly values if such method of averaging is required to properly reflect the average value of the taxpayer's property for the tax period.

Averaging by monthly values will generally be applied if substantial fluctuations in the values of the property exist during the tax period or where property is acquired after the beginning of the tax period or disposed of before the end of the tax period.

Example: The monthly value of the taxpayer's property was as follows:

January	\$2,000	July	\$15,000
February	\$2,000	August	\$17,000
March	\$3,000	September	\$23,000
April	\$3,500	October	\$25,000
May	\$4,500	November	\$13,000
June	<u>\$10,000</u>	December	<u>\$2,000</u>
	\$25,000		\$95,000
		Total	\$120,000

The average value of the taxpayer's property includable in the property factor for the income year is determined as follows:

$$\frac{$120,000}{12} = $10,000.$$

Averaging with respect to rented property is achieved automatically by the method of determining net annual rental rate of such property as set forth in Reg. IV.11.(b).